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ABSTRACT

Noting that fruit and vegetable consumption is an important component of a balanced diet consistent with the "Dietary Guidelines for Americans" and the Food Guide Pyramid, this report fulfills a request from the Appropriations Committee Directives to analyze current levels of fresh produce in Department of Agriculture (USDA) nutritional programs, including school lunch programs. The report examines the USDA commodity purchasing process and the agencies involved in these purchases, and describes the nutrition assistance programs administered by the Food and Nutrition Service providing food or benefits supporting fruit/vegetable consumption. The report also estimates current levels of produce in nutrition assistance programs, as well as the percentage of the dollar value of donated commodities that are fresh. It is noted that 15 to 20 percent of commodity fruits and vegetables were provided to schools as fresh produce, supplementing local school purchases. The final section of the report examines barriers to increasing fresh produce purchases through the conventional USDA commodity donation program and its efforts to increase fresh produce availability through the Department of Defense (DoD). The report asserts that the current USDA distribution method works best for nonperishables and bulk volumes rather than fresh produce. Although the DoD Fresh Produce Program provides an effective mechanism for delivering smaller quantities of fresh produce to schools and Indian reservations, the program does not support the mission of surplus removal, and DoD fresh produce is not available in all parts of the nation. The report concludes by suggesting that encouraging school districts to increase purchases of fresh produce from local distributors may be just as effective as increasing purchases from the DoD. (KB)

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Availability of Fresh Produce in Nutrition Assistance Programs

EXECUTIVE SUMMARY

Fruit and vegetable consumption is an important component of a balanced diet consistent with the *Dietary Guidelines for Americans* and the Food Guide Pyramid. The U.S. Department of Agriculture's Food and Nutrition Service (FNS) promotes the increased consumption of fruits and vegetables, in all forms – fresh, frozen, canned, dried and juices, through its nutrition assistance programs. Some nutrition assistance programs, such as the National School Lunch Program and the Emergency Food Assistance Program, provide foods directly to eligible recipients, while other nutrition assistance programs, such as the Food Stamp Program, provide recipients with the financial support to purchase foods, including fruits and vegetables directly from retailers and farmers. In fiscal year 2001, almost $7 billion of FNS program funds went to support consumption of fruits and vegetables by children and low-income families. FNS has encouraged the increased availability of fresh fruits and vegetables by partnering with the Department of Defense to purchase and deliver a greater variety of fresh produce for schools and Indian reservations. USDA continues to explore ways to offer a greater variety of commodities in the nutrition assistance programs, while providing nutrition education that promotes the acceptance of these offerings in recipient's diets.

INTRODUCTION

Fresh fruits and vegetables can contribute to dietary improvement to the extent that they increase the range of choices of fruits and vegetables, and increase consumption of fruits and vegetables in substitution for foods of lesser dietary value. Consistent with the stated mission (see box), the Food and Nutrition Service promotes increased consumption of fruits and vegetables as an important component of a balanced diet consistent with the *Dietary Guidelines for Americans* and the Food Guide Pyramid.

Food and Nutrition Service Mission

FNS increases food security and reduces hunger in partnership with cooperating organizations by providing children and low-income people access to food, a healthful diet and nutrition education in a manner that supports American agriculture and inspires public confidence.

In recommending that Americans "Choose a variety of fruits and vegetables daily", the *Dietary Guidelines* recommend choice from all forms—fresh, frozen, canned, dried and juices—as "all forms provide vitamins and minerals, and all provide fiber, except for most juices." In fiscal year 2001, almost $7 billion from FNS programs were used to

support consumption of fruits and vegetables by children and low-income families.* This equals 20 percent of all FNS expenditures.

This report fulfills a request to the Department of Agriculture (USDA) from the Appropriations Committee Directives, fiscal year 2002. The following language is contained in Conference Report 107-275:

> "The conferees are concerned about the nutritional status and obesity levels of our nation's children and are aware of recent studies that indicate a nutritionally adequate diet, which includes increased amounts of quality, fresh produce, is integral to better health and educational preparedness. In order to improve efficiencies and increase levels of fresh produce available to children, the conferees expect the Department to analyze the current levels of fresh produce in its nutritional programs, including the school lunch program, review its methods of transportation and efficiency of distribution utilizing Defense facilities, and undertake outreach efforts to increase produce purchases under sections 4 and 11 of the National School Lunch Act and report back to the Committees on Appropriations no later than 120 days after enactment of this Act."

In response to this Congressional Directive, this report first examines the USDA commodity purchasing process and the agencies involved in these purchases. The report then describes the nutrition assistance programs administered by FNS that provide food or benefits that support the consumption of fruits and vegetables. It presents estimates of the current levels of fruits and vegetables in these nutrition assistance programs, as well as estimates of the percentage of the dollar value of donated commodities that are fresh. The final section of this report examines barriers to increasing fresh fruit and vegetable purchases through the conventional USDA commodity donation program and its efforts to increase the availability of fresh fruits and vegetables to various outlets through the Department of Defense (DoD).

USDA COMMODITY PURCHASING

What USDA agencies are involved in the procurement of commodities and how are the food commodities classified? Historically, USDA's involvement in the acquisition and distribution of surplus commodities operated under the dual objectives of farm price and income support as well as food assistance. While the government's primary purpose was to stabilize farm and market prices by absorbing surplus farm production, it was also designed to encourage the domestic consumption of nutritious agricultural commodities. The National School Lunch Program, since its inception, has been a primary supporter of domestic agriculture by serving as both an outlet for surplus foods and a stimulus to domestic demand for food by making sizeable commercial purchases.

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* Figure includes estimate of benefits including AMS commodities, nutrition education, and pro-rata share of relevant federally funded administrative costs and full staff costs.

Three agencies within USDA are primarily responsible for the planning, purchase, allocation, and distribution of commodities to eligible outlets: the Food and Nutrition Service, the Agricultural Marketing Service (AMS), and the Farm Service Agency (FSA). The Food and Nutrition Service has overall authority to administer the Food Distribution Program and authorizes AMS and FSA to obligate funds to cover anticipated purchases. The Agricultural Marketing Service contracts under the authority from Section 32 of the Agricultural Act of 1935 and Section 6(e) of the National School Lunch Act to purchase meats, poultry, seafood, nuts, fruits and vegetables. Purchases under Section 32 are intended to remove from the market commodities that are in temporary surplus and to help stabilize farm prices. The Farm Service Agency, under the authority of Section 416 of the Agricultural Act of 1946, supports agricultural prices by purchasing commodities such as dairy products, grains, peanuts and peanut products, and oils.

Donated commodities can be classified as entitlement commodities or bonus commodities. State agencies are allocated an amount of money to which they are entitled for commodities based on the number of reimbursable meals served the year before multiplied by the annual rates established by law. Bonus commodities are those commodities offered to schools and other programs that do not count against a State's regular entitlement dollars. The type and quantity of bonus commodities distributed by USDA during a given year is dictated by agricultural surpluses and market conditions. Fresh fruits and vegetables may be classified as either entitlement or bonus commodities. Because growers of fresh fruit and vegetables often sell their excess crops to processors who freeze, can or dry the commodities, USDA price support typically comes in the form of further processed surplus fruits and vegetables that normal commercial channels cannot absorb.

USDA NUTRITION ASSISTANCE PROGRAMS

How do USDA nutrition assistance programs promote the consumption of fruits and vegetables? USDA operates several forms of nutrition assistance programs through which individuals and families obtain fruits and vegetables. Nutrition assistance programs can be divided into categories based on how recipients acquire the food. Commodity programs supply foodstuffs directly to eligible recipients, either through meal service operations or for in-home consumption. Other programs, such as the Food Stamp Program, the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), the Farmers' Market Nutrition Program, and the Senior Farmers' Market Nutrition Program provide recipients with the means, in the form of coupons and other forms of reimbursement, of purchasing the items directly from retailers or farmers. While the exact portion of Food Stamp Benefits spent on fruits and vegetables each year is uncertain, available data suggest that about 20 percent is spent on fruits and vegetables, totaling over $3 billion in Fiscal Year 2001. Similarly, WIC food packages include fruit juice for women, children, and older infants, carrots for exclusively breastfeeding women, and dried peas for some participants. About 15.7 percent of total WIC food benefits, or about $467 million was spent by WIC on these fruits and vegetables in fiscal year 2001.

What USDA nutrition assistance programs receive USDA-donated commodities to help meet the nutritional needs of low-income families and children? Commodity support is available to over 94,000 public and private schools that provide lunches to students. USDA's commodity purchases represent about 15 to 20 percent of the market value of the food schools serve in their lunch and breakfast programs. Child and Adult Care Food Program (CACFP) makes commodities available to day care centers that serve meals and snacks to children. However, these centers and homes have the option of receiving cash in lieu of commodities since the commodity pack sizes are often too large for most of them. The Summer Food Service Program (SFSP) also makes commodities available to sites that serve children during summer vacations from school.

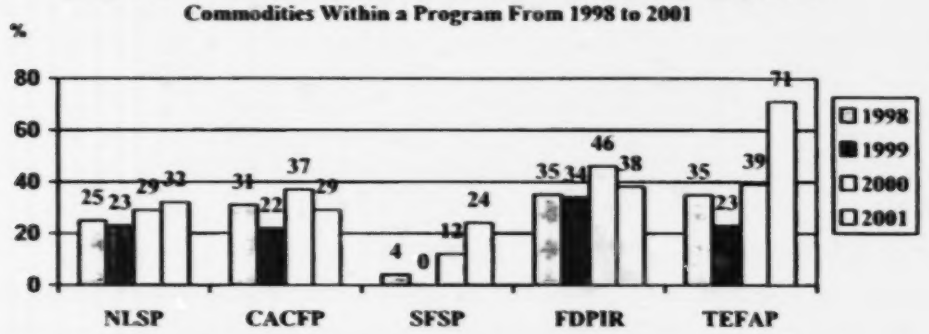
Other nutrition assistance programs that receive USDA-donated commodities include the Emergency Food Assistance Program (TEFAP), the Food Distribution Program on Indian Reservations (FDPIR), Nutrition Services Incentive Program (NSIP, formerly the Nutrition Program for the Elderly), the Commodity Supplemental Food Program (CSFP), Food Assistance for Disaster Situations, and commodity distribution to Charitable Institutions such as soup kitchens and state prisons. TEFAP, FDPIR and CSFP provide commodities to low income persons for at-home consumption. NSIP and charitable institutions provide nutritious meals for older adults, either in congregate meal settings or through home delivery.

AVAILABILITY OF FRUITS AND VEGETABLES

What share does fruits and vegetables, in particular fresh, represent of the commodities supplied through USDA nutrition assistance programs? Within the commodity assistance programs, the dollar amount spent on fruits and vegetables, in any form, is substantial. In fiscal year 2001, almost $250 million of commodity fruits and vegetables were provided to child nutrition programs: schools received about $248 million through NSLP, $1.1 million went to the CACFP, and $1.4 million was used in SFSP. In addition, $314 million of fruits and vegetables were provided to low-income families through TEFAP, $38 million was provided to CSFP, $28 million to charitable institutions, and $17 million to FDPIR.

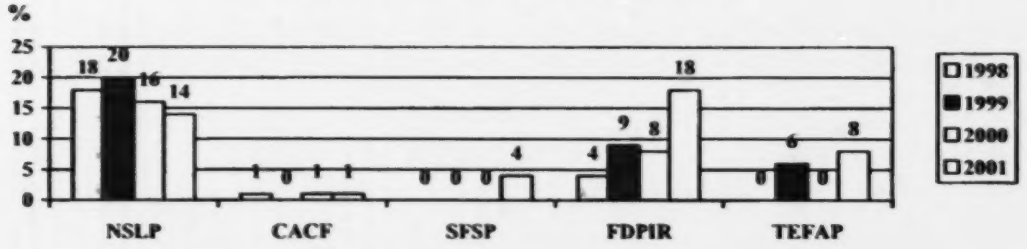
The share of the total commodity dollars spent on fruits and vegetables varies by specific nutrition assistance programs. As seen in the table below, fruits and vegetables represented 32 percent of total commodity dollars for NSLP, 29 percent for CACFP, 24 percent for SFSP, 38 percent for FDPIR, and 71 percent for TEFAP. It should be noted that fiscal year 2001 was an anomaly with respect to fruit and vegetable distribution in TEFAP with a substantial amount of bonus fruits and vegetables being made available in that year.

Dollar Value of Fruits and Vegetables as a Percent of the Dollar Value of All Commodities Within a Program From 1998 to 2001



Fresh fruits and vegetables share of the total dollar value of all fruits and vegetables within a commodity assistance program has varied across the years. As seen in the table below, the NSLP and FDPIR receive more fruits and vegetables as fresh products than do the other programs. Both of these programs have access to purchases of fresh produce through the Department of Defense. Generally 15 to 20 percent of the commodity fruits and vegetables are provided to schools as fresh produce. The FDPIR program has seen its share of fresh fruits and vegetables grow from 4 percent in 1998 to 18 percent of the dollar value all fruits and vegetables in 2001.

Dollar Value of Fresh Fruits and Vegetables as a Percent of the Dollar Value of All Fruits and Vegetables Within a Program From 1998 to 2001



It should be noted that USDA-donated commodities only supplement the food items purchased by schools at the local level. The "School Food Purchase Study: Final Report," released in October 1998, provided estimates of all food items acquired by public unified school districts participating in the National School Lunch Program during school year 1996/97. These schools purchased food valued at more than $4.6 billion with 83 percent purchased commercially. Fruits and vegetables accounted for about 20 percent of the dollar value of total food acquisitions. Roughly 5 percent of the total dollar value of school food acquisitions, or about $237 million, was spent on fresh fruits and vegetables, divided relatively evenly between the fruits and vegetables. The report indicates that fresh produce (in terms of volume) was almost 30 percent greater in school year 1996/97 than in school year 1984/85. This is further corroborated in the School Meals Initiative Implementation Study: First Year Report (October 2000) that indicates that schools are adapting their lunch menus to include more fruits and vegetables.

Almost three-fourths of the school food service directors reported that they had increased their purchase of fresh fruits and vegetables.

The Farmers' Market Nutrition Program (FMNP) for participants of the Special Supplemental Nutrition Program for Women, Infants and Children Program (WIC) and the Senior Farmers' Market Nutrition Program (SFMNP) provide recipients with the means, in the form of coupons and other forms of reimbursement, to purchase fresh fruits and vegetables directly from retailers and farmers. On the basis of available funds, the Farmers' Market Nutrition Program had an estimated $21 million available for WIC recipients to purchase fresh fruits and vegetables from farmers in fiscal year 2001. In fiscal year 2001, $15 million was budgeted for senior citizens to purchase fresh fruits and vegetables directly from farmers as part of the Senior Farmers' Market Nutrition Program.

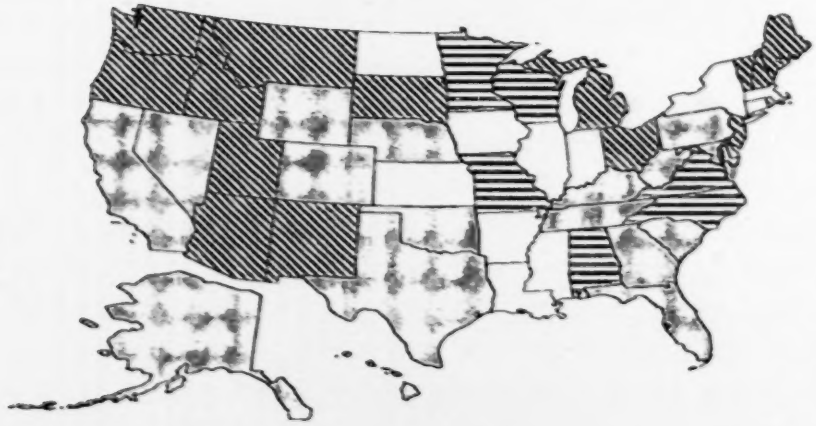
How effective is USDA's distribution network in delivering fruits and vegetables, especially fresh, to the end users of the products in a form that maintains their quality? USDA's distribution network is designed for moving truckloads (36,000 pounds) of nonperishable commodities and perishable products with long shelf lives. Contracts are established with vendors who deliver to warehouses, often at a State level within a two-week delivery window. States make arrangements for the storage of the commodities until schools or other recipient organizations need them. Each State has its own distribution system for redistributing the commodities within its borders. Distribution of highly perishable products, such as fresh fruits and vegetables, within USDA's network has sometimes resulted in products arriving at the end user in an unsuitable condition for consumption or with a very short shelf life. Perishable fresh fruits and vegetables need to be delivered to end users in smaller quantities that can be used in a relatively short time. Also, the time between harvesting and usage of perishable, fresh fruits and vegetables needs to be kept to a minimum. USDA's distribution method works best for non-perishables and bulk volumes rather than distributing fresh fruits and vegetables. USDA generally distributes only fruits and vegetables with relatively long shelf lives. Over the last five years, entitlement and bonus commodity donations of fresh fruits and vegetables have been limited to commodities such as potatoes, tomatoes, apples, pears, oranges, cantaloupes, lemons and grapefruit.

How effective has USDA's pilot with the Department of Defense been for making accessible and distributing fresh fruits and vegetables to schools and Indian reservations? USDA's partnership with the Department of Defense, Defense Personnel Support Center (DoD/DPSC) has provided a mechanism for delivering smaller quantities, less than a truckload, of fresh fruits and vegetables to schools and Indian reservations. DoD's distribution system is able to make more frequent deliveries of a greater

DoD Fresh Produce Program: Currently operating in 39 States, this program makes available a wider variety of fresh fruits and vegetables (about 200 produce items) than would be available through direct USDA purchases. FNS sets aside $25 million annually in Section 6 funds for States to procure fresh fruits and vegetables for schools through the DoD Fresh Produce Program.

variety of fresh fruits and vegetables in smaller delivery windows. The DoD program has been successful because the fruits and vegetables arrive in good condition and in smaller quantities that can be used while they are still fresh and in time for the planned school menus. DoD delivers fresh fruits and vegetables to 39 States, Indian Reservations, Guam and Puerto Rico in support of the National School Lunch Program (NSLP) and the Food Distribution Program on Indian Reservations. About 200 produce items of domestic origin are available for schools through the program. Most of these foods are available nationwide, but many are only regionally available.

States Participating in DoD Fresh Produce Program



Both (17) Section 4/11 Only (7) Section 6 Only (15) None (12)

The amount of funds earmarked for DoD purchases has increased since this partnership began as a pilot project in 1995. Currently, FNS annually sets aside $25 million in Section 6** funds for States to procure fresh fruits and vegetables through DoD. The amount available with DoD is capped because the type of purchase is not supporting the surplus removal mission. The program does not enable purchases for specific produce that need to be removed at a certain time. The cap is not in law or regulation, but was established through policy negotiations with AMS.

Has the Department attempted to increase produce purchases through DOD using Sections 4 and 11 funds? In November of 1994, the Healthy Meals for Healthy Americans Act amended the National School Lunch Act and provided authority for the Secretary of Agriculture to enter into agreements with States under which funds available

** Section 6 of the Richard B. Russell National School Lunch Act makes available funds for direct expenditure by the Secretary for agricultural commodities for schools participating in the National School Lunch Program in accordance with the needs as determined by the local schools.

to State pursuant to Sections 4 and 11*** of the National School Lunch Act could be used to purchase food for schools participating in the NSLP. In 1997, USDA attempted to pilot a program utilizing Section 4 and 11 funds to purchase additional commodities for two States. While in some cases the prices were very competitive, once the price charged by the State's commercial distributor was added, any cost savings disappeared. In part this was due to the lack of volume of these solicitations. In addition, many States indicated that a major impediment to their participation in this project was that they had no authority to bill schools. In recent years, some schools and States have increased their purchases for fresh fruits and vegetables through the DOD fresh produce program using Section 4 and 11 funds. Since fiscal year 1998, schools through this option have purchased an additional $6 to $9 million worth of fresh fruits and vegetables annually.

CONCLUSIONS

The availability of fresh fruits and vegetables to FNS program operators such as NSLP schools may encourage increased consumption of fruits and vegetables by expanding the variety of choices available to students, depending upon the method of preparation. USDA has worked with DoD and the States to make available $25 million annually for purchase of high quality fresh produce delivered by DoD, and to facilitate additional State purchases of produce from DoD under Sections 4 and 11. There are two disincentives for additional USDA purchases of DoD fresh fruits and vegetables. First, the program does not support the mission of surplus removal. Second, DoD fresh fruits and vegetables are not available for delivery in all parts of the nation. While State and local purchases of DoD fresh fruits and vegetables have increased, there is no net price advantage and therefore no strong incentive for budget-minded school food service managers to further increase DoD purchases. Encouraging school districts to increase the purchases of fresh fruits and vegetables from local distributors may be just as effective.

The *Dietary Guidelines for Americans* and the Food Guide Pyramid endorse the importance of overall balanced nutrition, including foods from the Pyramid food groups and fruits and vegetables in all forms—fresh, frozen, canned, dried and juices. About 20 percent of FNS nutrition program benefits, amounting to almost $7 billion annually, are spent to support consumption of fruits and vegetables by children and low-income families. FNS works with other USDA agencies and DoD to continue to improve access to commodities, including fresh fruits and vegetables, in a manner that efficiently promotes improved nutrition, supports agricultural markets and responds to the needs of program participants and providers.

*** Sections 4 and 11 of the Richard B. Russell National School Lunch Act makes available funds for food assistance payments in a total amount equal to the number of reimbursable meals served by category (free, reduced-price, paid) multiplied by the appropriate reimbursement rate.

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